

Message Text

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ACTION IO-14

INFO OCT-01 ADP-00 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10 SCI-06

SCEM-02 OIC-04 EPA-04 CEQ-02 ABF-01 OMB-01 TRSE-00

RSR-01 /146 W

----- 101183

R 151502 Z JUN 73

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 3004

INFO AEC/ GERMANTOWN

UNCLAS SECTION 1 OF 2 IAEA VIENNA 5000

EO: 11652: N/ A

TAGS: AORG OGEN OCON IAEA

SUBJ: IAEA BOARD OF GOVERNORS MEETING - JUNE 12-13, 1973

REF: A. IAEA VIENNA A-309; B. IAEA VIENNA 3952

C. IAEA VIENNA 4412; D. STATE 110010

1. SUMMARY: BOARD APPROVED BUDGET FOR 1974 AND SUPPLEMENTAL FOR 1973 (SUBJECT TO RESERVATIONS BY SEVERAL DELS ON ONE OR BOTH), MAINTAINING TARGET FOR VOLUNTARY CONTRIBUTIONS AT \$3- MILLION FOR 1974. REPORTS ON ITEMS 6 (ENVIRONMENT), 8, 9 A, 10 (INDONESIAN PROPOSAL) AND 12 SEPTELS. ACTION ON FINANCIAL QUESTIONS WAS BY BOARD CONSENSUS DESPITE SHARP LDC ATTACKS AND DEMANDS FOR MORE TA. MISSION ASSESSMENT IS THAT ESSENTIAL US OBJECTIVES PRESERVED, BUT THAT LDC ATTACKS LIKELY CARRY OVER TO GENERAL CONFERENCE. ACTION REQUESTED: NONE. END SUMMARY.

2. APPROVAL OF AGENDA: APPROVED SUBJECT SOME CHANGES IN ORDER OF ITEMS. ITEMS 5 (BUDGET FOR 1973) AND 6 (BUDGET FOR 1974) RE- VERSED TO PERMIT DEBATE ON 1974 TARGET TO BE COMPLETED BEFORE CON- sideration of 1973 SUPPLEMENTAL.

3. ITEM 1 - PROVISIONAL AGENDA FOR 17 TH GENERAL CONFERENCE: IN- UNCLASSIFIED

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DIA OPENED RATHER OBSCURE DISCUSSION, OBSERVING THAT ANNEX B FEASIBLE ONLY IF CHANGES TO RULES OF PROCEDURE HAD WIDE ACCEPTANCE TO PRECLUDE GC WASTING TIME IN EXTENDED PROCEDURAL DEBATE. USSR FAVORED ANNEX A TO PERMIT FULL A& L COMMITTEE CONSIDERATION OF RULES CHANGES, BUT FELT THAT ITEM 16 (RULES) SHOULD FALL PRIOR ITEM 10 (ELECTIONS TO BOARD). SEVERAL OTHER DELS MADE COMMENTS, WITH ONE OR TWO AGREEING THAT SOVIETS HAD POINT ON ORDER OF ITEMS. US FAVORED SIMPLIFICATION, WHICH POSSIBLE UNDER EITHER ALTERNATIVE, AND FAVORED ANNEX B TO FACILITATE THIS YEAR'S CONFERENCE, AND SAVE MONEY THIS YEAR. BOARD ACTION NOT REQUIRED, BUT MISSION UNDERSTANDS THAT DG FEELS RESULT HIS CONSULTATION WITH BOARD IS THAT ONLY ANNEX A BE SUBMITTED TO GC, PROBABLY INCORPORATING CHANGE IN ORDER OF ITEMS TO MOLLIFY SOVIETS (DESPITE FACT THAT ORDER OF CONSIDERATION BY GC NOT NECESSARILY RELATED TO ORDER ON AGENDA). COMMENT: NO ATTACK DEVELOPED ON CONCEPT OR INFORMALLY- DISCUSSED SUBSTANCE OF RULES CHANGES, BUT TENOR OF BOARD DISCUSSION SUCH THAT EVEN IF BOTH ANNEXES PASSED ON TO GC, IT LIKELY THAT ANNEX A WILL BE USED TO CONDUCT GC ALONG OLD LINES, WITH A& L COMMITTEE CALLED INTO FINAL SESSION TO DISCUSS RULES CHANGE INCLUDING ITS OWN ABOLITION. END COMMENT.

4. ITEM 2 - APPOINTMENT OF DIRECTOR GENERAL: DISCUSSION WITH ONLY GOVERNORS PRESENT RESULTED IN UNANIMOUS REAPPOINTMENT (SUBJECT GC APPROVAL) OF DG EKLUND FOR FOUR- YEAR TERM BEGINNING 12/1/73, SUBJECT TERMS AND CONDITIONS GOV/1613.

5. ITEM 3 - ACCOUNTS FOR 1972: INDIA REPEATED REQUEST FOR PROPOSAL TO DEAL WITH \$2 1/2- MILLION IN OUTSTANDING CONTRIBUTIONS (READ ROC, WHICH IS MORE THAN HALF OF THIS), AND DG REPEATED A& B COMMITTEE STATEMENT THAT SECRETARIAT STUDYING HOW OTHER UN ORGANIZATIONS TREATED SIMILAR PROBLEM AND WOULD MAKE PROPOSALS NOT LATER THAN PREPARATION 1973 ACCOUNTS. UK COMMENDED DEVICE OF SPECIAL ACCOUNT FOR THIS PROBLEM ACCOUNTS APPROVED BY CONSENSUS.

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CANADA ANNOUNCED THAT IN SPITE POSITIONS OF PRINCIPLE THAT UNDP SHOULD BE SOURCE OF MOST TA IN UN SYSTEM, THEIR GOVERNMENTS PREPARED CONSIDER EXTRAORDINARY CONTRIBUTIONS TOWARD TARGET IN 1974 AS SIGN THEIR INTEREST IN AGENCY PROGRAM. UK, FRANCE AND FINLAND ALSO INDICATED WILLINGNESS CONSIDER SUPPORT FOR DG APPEAL, EITHER IN CASH OR IN KIND, AND US EXPRESSED HOPE WE WOULD BE ABLE TO FOLLOW. SINCE INCREASE IN LEVEL OF TARGET UNACCEPTABLE TO MAJORITY OF DEVELOPED MEMBERS, INFORMAL PRIOR CONSULTATION RESULTED IN CONSENSUS LEAVING LEVEL OF TARGET AT \$3- MILLION, AS RECOMMENDED BY DG, WHILE NOTING IMPORTANCE OF TA AND ADVERSE EFFECT INFLATION AND CURRENCY PROBLEMS IN REAL VALUE OF ASSISTANCE FUNDS, ENDORSING DG APPEAL FOR ADDITIONAL CONTRIBUTIONS IN 1974, AND URGING ALL MEMBERS MAKE CONTRIBUTIONS IN CASH OR IN KIND IN EXCESS VALUE ASSESSED BASE RATES APPLIED TO TARGET AND STATING THAT BOARD SHOULD INCREASE TARGET FOR 1975 NEXT YEAR; THIS CONSENSUS ACCEPTED AS READ. DURING DEBATE, FOLLOWING LDC' S STATED FORMAL RESERVATIONS IN APPROVING REGULAR BUDGET INCREASE IWHTOUT CORRESPONDING INCREASE

IN TARGET: BRAZIL, MEXICO, INDONESIA, ZAIRE; LAST NAMED STATED SPECIFICALLY IT RESERVING POSITION AND INTENDED TO MAKE ATTACK ON BUDGET AT GENERAL CONFERENCE AND USGGEST TO ANY OTHER LDC' S IT COULD REACH THAT THEY DO SAME. SUBJECT RESERVATIONS STATED, BUDGET THEN RECOMMENDED TO GC BY CONSENSUS. ALSO DURING DEBATE, USSR MADE FAIRLY STRONG CALL FOR EXPLORING CHANGE IN AGENCY' S CUR-
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RENCY OF ACCOUNT AS MEANS OF INSULATING IT FROM CURRENCY PROBLEM. DG STATED THAT THIS PROBLEM UNDER STUDY IN ACC, AND US BALANCED SOVIET STATEMENT BY SUGGESTING THAT DOLLAR HAD SERVED AGENCY WELL, IN GENERAL, OVER PAST 15 YEARS, AND SUGGESTING THAT BOARD DEFER DISCUSSION THIS IDEA UNTIL AFTER DG INFORMED IT RESULTS OF ACC STUDY. COMMENT: AS TO ITEMS 5 AND 6, MISSION NOTES THAT AMOUNT OF SUPPLEMENTAL FOR 1973 AND ADDITIONAL APPROPRIATION FOR 1974 CALCULATED ON BASIS THAT UN EXCHANGE RATE REMAIN AT 21.0 AUSTRIAN SCHILLINGS (AS) EQUALS US\$1, AND THAT MARKET RATE NOT DROP BELOW AS 20.5. MARKET RATE HAS DROPPED TO AS18.99 TO US\$1 FOR ONE DAY IN LAST TWO WEEKS, AND RATE ON DAY BOARD ACTED WAS AS 19.35 TO US\$1. MISSION AFRAID THAT EVEN WITH PASSAGE THESE AMOUNTS, AGENCY IS NOT OUT OF WOODS YET, AND WILL STILL HAVE TO MAKE PROGRAM CUTS TO GET THROUGH 1973-4 UNLESS EXCHANGE RATE RISES MARKEDLY. END COMMENT.

9. ITEM 7 - RELATIONS WITH INTERGOVERNMENTAL ORGANIZATIONS: INVITATION TO SIX ORGANIZATIONS TO BE REPRESENTED AT 17 TH GC APPROVED BY CONSENSUS.

10. ITEM 8 - DESIGNATIONS FOR 1973-4 BOARD: SEPTEL.

11. ITEM 9 - SAFEGUARDS:

(A) AGREEMENTS: NPT- TYPE AGREEMENTS WITH GHANA, MADAGASCAR,
IRAN AND DOMINICAN REPUBLIC APPROVED BY CONSENSUS; COMMENT SEPTEL.

AGRE

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